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Manitoba

ANNUAL REPORT

1983 - 1984

Manitoba Agricultural Credit Corporation

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MANITOBA

MINISTER OF AGRICULTURE
WINNIPEG
R3C 0V8

To Her Honour

Pearl McGonigal

Lieutenant-Governor for the Province of Manitoba

Your Honour:

I have the honour to submit herewith the Report of the Manitoba Agricultural Credit Corporation for the period April 1, 1983 to March 31, 1984.

Your obedient servant,

Bill Uruski,

Minister of Agriculture

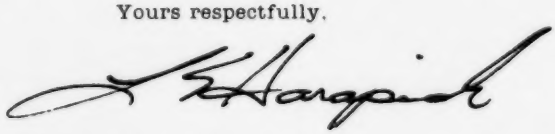
MACC
MANITOBA AGRICULTURAL CREDIT CORPORATION

Honourable Bill Uruski
Minister of Agriculture
165 Legislative Building
WINNIPEG, Manitoba
R3C 0V8

Dear Mr. Uruski:

I have the honour to submit herewith the Annual Report of The Manitoba Agricultural Credit Corporation and the Financial Statements for the fiscal year ending March 31, 1984.

Yours respectfully,



Leonard Harapiak
Chairman
Manitoba Agricultural
Credit Corporation

The Manitoba Agricultural Credit Corporation

Board of Directors

Leonard Harapiak	Chairman
Hazel Allan	Vice-Chairwoman
Henry Reske	Board Member
Lawrence Bell	Board Member
Hubert Sinclair	Board Member
Patricia Barry	Secretary

Officers

Neil A. Potter	General Manager
J. L. Bodner	Director, Financial and Administrative Services
D. A. Parnell	Director, Program Delivery

Financing of the Corporation

Since its first year of operation in 1959, the Corporation has borrowed its capital from the Province of Manitoba. The capital funds remained with the Corporation to be re-used for lending purposes and the interest on this capital was paid annually to the Province.

Commencing in 1977, arrangements were made to repay capital advances together with interest charges over an amortized period consistent with the term over which these monies were loaned.

Statement of Revenue and Expenditure

Under The Agricultural Credit Corporation Act, the government covers the Corporation's administration and net interest costs. These costs were $5.292 million in the year under review compared to $4.154 million in the previous year, the increase being mainly due to increased bad debts and young farmer rebate payments.

Under Part III of The Fisheries Act, the government covers the administration costs and net interest costs of the Fisherman's Loan Program. These costs were $345,000 compared to $320,000 the previous year. The increase is primarily due to higher interest rates on advances from the Province of Manitoba.

Operations Review

Active M.A.C.C. Accounts

as at March 31, 1984

1.	Direct Loan Accounts	5,519
2.	Mortgage Purchase Accounts	298
3.	Corporate and Co-operative Loan Accounts	27
4.	Crown Land Purchase Accounts	129
5.	Stocker Accounts	74
6.	Manitoba Beef Stabilization Accounts	268
7.	Manitoba Interest Rate Relief Accounts	1,064
8.	Beef Producers Income Assurance Accounts	65
9.	Guaranteed Loan Accounts	592
10.	Long Term Lease Accounts	106
11.	Short Term Lease Accounts	13
12.	Farm Diversification Loan Accounts	660
13.	Emergency Fodder Loan Accounts	3
14.	Livestock Grant Accounts	20
15.	Fisherman's Loan Accounts	1,275
	TOTAL:	10,113

1983-84 Loan Activity

During the 1983-84 fiscal year, the Corporation's agricultural activities totalled $70.7 million, an increase of $43.1 million over the previous year.

The most significant increases were Direct Loans, Manitoba Beef Stabilization Loans, Manitoba Interest Rate Relief Loans and Guaranteed Loans in the amounts of $15.4 million, $1.8 million, $1.7 million and $23.7 million respectively.

Fisherman's Loans for the year totalled $2.1 million, a decrease of $0.4 million from the previous year. This reduction was due to the decrease in the number of loans made. In 1983-84, there were 953 loans made, compared to 1065 in 1982-83.

During the year, the 12½% Guaranteed Operating Loan Program and the Interest Rate Reduction Program were introduced.

Interest Rate Reduction Program

From April 1980 to December 1982, the Corporation lending rates ranged between 13.5% and 17.5%. In August 1983, M.A.C.C. borrowers were given a one-time option to make a lump sum payment in order to have their rates of interest reduced to 13.0% for the remaining terms of the loans.

Six hundred and forty loans with principal outstanding of $36.3 million were reduced to 13.0%. The potential reduction in payments over the remaining terms of the loans is estimated to be $18.3 million.

M.A.C.C. Summary of Activity
(Compared With Previous Fiscal Year)

	1983-84		1982-83	
	Number	Amount	Number	Amount
Direct Loans	485	$32,177,636	299	$16,813,322
Corporate & Co-operative Loans	—	(48,070)	2	680,030
Stocker Loans	51	1,313,425	52	1,101,448
Crown Land Loans	30	332,067	(2)	(15,480)
Manitoba Beef Stabilization Loans	232	3,378,800	96	1,591,600
Manitoba Interest Rate Relief				
Loans — 1st year payments	499	2,928,736	513	2,802,971
— 2nd year payments	281	1,534,807	—	—
Beef Producers Income Assurance Loans	—	—	(2)	(3,015)
	1578	41,617,401	958	22,970,876
Guaranteed Loans	501	28,036,700	124	4,283,500
Land Sales	18	1,041,311	9	318,928
	2097	70,695,412	1091	27,573,304
Fisherman's Loans				
— Administered by M.A.C.C. for Department of Natural Resources	953	2,113,559	1065	2,525,364
TOTAL ACTIVITY:	3050	$72,808,971	2156	$30,098,668

Direct Loans

Since its inception in July of 1978, the current Direct Loan Program has generated a loan volume of $142.0 million with $78.4 million of this amount used for land purchases.

Of the $32.2 million approved in direct loans during 1983/84, 41% was used to purchase land, 45% for consolidation of debts, 8% for permanent improvements to land and buildings, and the remaining 6% for equipment, livestock and other purposes. Young farmers were recipients of 91% of the proceeds of direct loans.

Corporate and Co-operative Loans

During the year under review, three performance bond guarantees were renewed in the amount of $276,330.

Stocker Program

The Stocker Program was designed to provide cattle inventory financing to qualified livestock producers, and was introduced by the Corporation on July 9, 1975. During the year, there were 51 loan approvals totalling $1,313,425 for the purchase of 3171 head of cattle. From inception of the program to March 31, 1984, a total of 646 applications had been approved for 34,857 head of cattle with a value of $10,130,587.

Crown Land Loans

During 1980-81, the program was introduced to provide mortgage money to lessees of Crown Lands to purchase the leased land. During 1983-84, 30 loans were approved in the amount of $332,067. Total volume under this program is 119 loans for $1,682,842.

Manitoba Beef Stabilization and Marketing Plan Loans

This program was introduced October 17, 1982 to provide financing for farmers who desire to raise their calves to a stocker or slaughter weight. Financing is available in the form of cash advances, custom feeding loans and loans for facility and production improvements.

During the year, 232 loans were approved in the amount of $3,378,800. Total loans approved under this program to date is 328 for $4,970,400.

Manitoba Interest Rate Relief Program

The program was introduced February 15, 1982 to provide direct assistance for Manitoba farmers in difficulty due to high interest rates and to provide financial counselling through Manitoba Agriculture.

During 1983-84, 866 applications were approved under this program. First years payments of

$2,928,736 were made to 499 clients and second year payments of $1,534,807 were made to 281 clients. As at March 31, 1984, payments under the program totalled $7,266,514.

Beef Producers Income Assurance Loans

During 1980-81, this program was introduced to make possible termination of the Manitoba Beef Producers Income Assurance Plan agreements by those producers who wished to terminate their contracts but did not have the money available to pay them out.

Since inception of the program, 81 loans totalling $112,466 have been approved.

Guaranteed Loans

The Specific Comprehensive Guaranteed Loans Program enables the Corporation to fully indemnify the S.C.G.L. lender from loss after all loan security has been liquidated and all other loan conditions have been complied with.

During the year, no loans were approved under this program. As at March 31, 1984, the total activity under this program was 31 loans for $2,124,061.

The Corporation's contingent liability under this program was $1,408,929 as at March 31, 1984.

Under the 10% Cumulative Guarantee Program, the Corporation guarantees each lender's loss to a maximum of 10% of the total loans approved during specific time periods.

During the year, seven new loans totalling $192,000 were approved and one prior year loan of $60,000 was cancelled. The Corporation's contingent liability on outstanding loans under this program amounts to $473,082 as at March 31, 1984. In addition, seven claims on guarantees totalling $279,590 were paid by the Corporation, bringing the total payments under the 10% Cumulative Guarantee Program for the current period to $403,283.

Effective April 1, 1983, a new Guaranteed Operating Loan Program was introduced. Under this program, the Corporation guarantees 12½% of the aggregate total guaranteed to each participating lending institution. The program carries maximum of $125,000 per loan and $100,000,000 aggregate total to all participating lending institutions.

During the year, 495 loans totalling $27,904,700 were approved. The Corporation's contingent liability as at March 31, 1984, on outstanding loans was $3,107,213.

Land Lease Program

On October 16, 1977, the Corporation discontinued accepting applications for the sale of land to the Corporation for leasing purposes. Under the program, the Corporation had acquired a total of 223,600 acres at a cost of $22.6 million.

During 1983-84, 18 sales were made for $1,041,131: One to a long term lessee under the terms of the purchase option clause in the lease agreement, 11 to short term lessees under a new purchase option policy and six by tender. Twelve of these sales were to clients who have obtained, or are in the process of obtaining financing, from outside sources. The balance were financed by the Corporation.

Fisherman's Loans

During the year the Corporation approved 953 loans totalling $2,113,559. Total loans approved since inception of the program is $18,100,650.

To date, the Fisherman's Loan Program has been used by 2311 clients. Since a very high percentage of these fishermen (approximately 86% in 1983-84 and 89% in 1982-83) are returning for supplemental loans every one to two years, it appears that they are making use of this program for their revolving credit needs for capital purchases.

Fisherman's Loan Approvals — Total Province

For the Five Years Ended March 31

	1979/80	1980/81	1981/82	1982/83	1983/84
Number	926	1022	1048	1065	953
$ Amount	1,407,143	2,002,626	2,506,127	2,525,364	2,113,559

Tables

The following tables summarize a five year period of credit activities which are compared on the basis of purposes of loans, ages of applicants and geographical regions of the Province.

I – APPROVED DIRECT LOANS BY PURPOSES

II – APPROVED AGRICULTURAL LOANS BY AGE GROUPS

III – SUMMARY OF PROGRAMS

IV – SUMMARY OF PROGRAMS IN INTERLAKE REGION

V – SUMMARY OF PROGRAMS IN EASTERN REGION

VI – SUMMARY OF PROGRAMS IN CENTRAL REGION

VII – SUMMARY OF PROGRAMS IN SOUTH WESTERN REGION

VIII – SUMMARY OF PROGRAMS IN NORTH WESTERN REGION

Table I

Approved Direct Loans by Purposes
Percentage Comparison
For the Five Years Ended March 31, 1984

	1979-80	1980-81	1981-82	1982-83	1983-1984	
	%	%	%	%	%	Amount
PURCHASE OF LAND BY BORROWER	69	74	61	13	41	$13,230,605
PERMANENT IMPROVEMENTS, BUILDINGS	8	7	8	12	8	2,623,672
PERMANENT IMPROVEMENTS, LAND	—	—	1	1	—	(45,121)
CONSOLIDATION OF DEBTS	18	12	22	60	45	14,457,286
PURCHASE OF LIVESTOCK	4	5	6	10	4	1,456,971
PURCHASE OF EQUIPMENT	—	1	1	2	1	67,536
OTHER PURPOSES	1	1	1	2	1	386,687
TOTAL:	100	100	100	100	100	$32,177,636

Table II

Approved Agricultural Loans by Age Groups

For the Five Years Ended March 31

	*YOUNG FARMERS					OTHERS					TOTALS				
	1979-80	1980-81	1981-82	1982-83	1983-84	1979-80	1980-81	1981-82	1982-83	1983-84	1979-80	1980-81	1981-82	1982-83	1983-84
NEW LOANS															
NUMBER	325	350	428	144	327	4	5	22	25	26	329	355	450	169	353
%	99%	99%	95%	85%	93%	1%	1%	5%	15%	7%					
$ AMOUNT	20,787,087	23,054,685	28,125,689	9,385,373	23,905,674	221,394	312,630	1,276,366	2,184,241	1,787,261	21,008,481	23,367,315	29,402,005	11,569,614	25,692,935
%	99%	99%	96%	81%	93%	1%	1%	4%	19%	7%					
$ AVERAGE	63,960	65,871	65,714	65,176	73,106	55,348	62,526	58,017	87,369	68,740	63,856	65,823	65,338	68,459	72,784
ADDITIONAL LOANS															
NUMBER	69	68	121	113	113	7	7	7	17	19	76	75	128	130	132
%	91%	91%	95%	87%	86%	9%	9%	5%	13%	14%					
$ AMOUNT	3,307,087	2,342,102	6,282,188	4,411,402	5,428,132	43,823	178,103	248,050	882,306	1,056,569	3,350,910	2,520,205	6,540,238	5,243,708	6,484,701
%	99%	93%	96%	84%	84%	1%	7%	4%	16%	16%					
$ AVERAGE	47,929	34,442	52,002	39,039	48,036	6,260	25,443	35,436	48,959	55,608	44,091	33,602	51,096	40,336	49,126
TOTAL NUMBER	394	418	549	257	440	11	12	29	42	45	405	430	578	299	485
%	97%	97%	95%	86%	91%	3%	3%	5%	14%	9%					
$ AMOUNT	24,094,174	25,396,787	34,417,827	13,796,775	29,333,806	265,217	490,733	1,524,416	3,016,547	2,843,830	24,359,391	25,887,520	35,942,243	16,813,322	32,177,636
%	99%	98%	96%	82%	91%	1%	2%	4%	18%	9%					
$ AVERAGE	61,153	60,758	62,692	53,683	66,667	24,110	40,894	52,566	71,822	63,196	60,147	60,204	62,184	56,231	66,345

*Young Farmers are those 18 to 39 years of age.

Table III

Summary of Programs

For the Five Years Ended March 31

	1979-80	1980-81	1981-82	1982-83	1983-84
DIRECT LOANS					
No.	405	430	578	299	485
$ Amount	24,359,391	25,887,520	35,942,243	16,813,322	32,177,636
CORPORATE LOANS					
No.	4	1	3	2	–
$ Amount	405,750	50,400	611,808	680,030	(48,070)
CROWN LAND LOANS					
No.	–	21	70	(2)	30
$ Amount	–	364,419	1,001,836	(15,480)	332,067
STOCKER LOANS					
No.	40	25	13	52	51
$ Amount	1,049,155	590,365	293,002	1,101,448	1,313,425
MAN. BEEF STABILIZATION LOANS					
No.	–	–	–	96	232
$ Amount	–	–	–	1,591,600	3,378,800
MAN. INTEREST RATE RELIEF LOANS					
1st Yr. No.	–	–	–	513	499
$ Amount	–	–	–	2,802,971	2,928,736
2nd Yr. No.	–	–	–	–	281
$ Amount	–	–	–	–	1,534,807
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	–	78	7	(2)	–
$ Amount	–	105,713	12,783	(3,015)	–
GUARANTEED LOANS					
– Farm Production					
No.	8	56	100	123	6
$ Amount	262,500	1,756,800	3,660,500	4,223,500	132,000
– S.C.G.L.					
No.	2	25	3	1	–
$ Amount	263,261	1,622,400	178,400	60,000	–
– Guaranteed Operating					
Initial Approvals					
No.	–	–	–	–	444
$ Amount	–	–	–	–	24,356,700
Repeat Approvals					
No.	–	–	–	–	51
$ Amount	–	–	–	–	3,548,000
LAND SALES					
No.	142	86	36	9	18
$ Amount	6,299,092	4,777,599	1,963,501	318,928	1,041,131
LAND PURCHASES					
No.	–	–	–	–	–
$ Amount	–	–	–	–	400
TOTAL					
No.	601	722	810	1,091	2,097
$ Amount	32,639,149	35,155,216	43,664,073	27,573,304	70,695,632

Table IV

Summary of Programs
Interlake Region
For the Five Years Ended March 31

	1979-80	1980-81	1981-82	1982-83	1983-84
DIRECT LOANS					
No.	39	52	85	48	64
$ Amount	2,066,233	2,740,731	4,544,279	2,677,780	3,482,349
CORPORATE LOANS					
No.	–	–	–	–	–
$ Amount	–	–	–	–	–
CROWN LAND LOANS					
No.	–	13	36	(1)	9
$ Amount	–	237,453	519,997	(5,940)	99,285
STOCKER LOANS					
No.	1	1	1	2	3
$ Amount	(57,500)	45,000	(5,300)	28,549	61,600
MAN. BEEF STABILIZATION LOANS					
No.	–	–	–	21	46
$ Amount	–	–	–	304,600	592,800
MAN. INTEREST RATE RELIEF LOANS					
No.	–	–	–	86	173
$ Amount	–	–	–	463,222	967,759
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	–	9	7	(1)	–
$ Amount	–	14,983	13,219	(2,599)	–
GUARANTEED LOANS					
– Farm Production					
No.	1	–	–	–	–
$ Amount	12,000	–	–	–	–
– S.C.G.L.					
No.	–	2	–	–	–
$ Amount	–	120,000	(30,000)	–	–
– Guaranteed Operating					
Initial Approvals					
No.	–	–	–	–	29
$ Amount	–	–	–	–	1,389,000
Repeat Approvals					
No.	–	–	–	–	2
$ Amount	–	–	–	–	145,000
LAND SALES					
No.	15	11	–	1	7
$ Amount	616,400	470,161	84,127	32,665	182,314
LAND PURCHASES					
No.	–	–	–	–	–
$ Amount	–	–	–	–	400
TOTAL					
No.	56	88	129	156	333
$ Amount	2,637,133	3,628,328	5,126,322	3,498,277	6,920,507

Table V

Summary of Programs
Eastern Region
For the Five Years Ended March 31

	1979-80	1980-81	1981-82	1982-83	1983-84
DIRECT LOANS					
No.	39	50	54	42	37
$ Amount	2,594,879	3,181,879	4,156,243	2,980,784	2,438,003
CORPORATE LOANS					
No.	1	–	2	1	(1)
$ Amount	190,000	–	161,670	150,000	(150,000)
CROWN LAND LOANS					
No.	–	2	14	–	6
$ Amount	–	53,316	260,766	–	73,525
STOCKER LOANS					
No.	2	(1)	(1)	–	–
$ Amount	35,680	(2,600)	47,000	(55,800)	–
MAN. BEEF STABILIZATION LOANS					
No.	–	–	–	4	14
$ Amount	–	–	–	116,900	138,700
MAN. INTEREST RATE RELIEF LOANS					
No.	–	–	–	63	71
$ Amount	–	–	–	346,404	409,901
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	–	11	–	(1)	–
$ Amount	–	12,286	–	(416)	–
GUARANTEED LOANS					
– Farm Production					
No.	1	–	5	5	1
$ Amount	27,500	–	141,000	90,000	20,000
– S.C.G.L.					
No.	–	–	–	–	–
$ Amount	–	–	–	–	–
– Guaranteed Operating					
Initial Approvals					
No.	–	–	–	–	29
$ Amount	–	–	–	–	1,436,200
Repeat Approvals					
No.	–	–	–	–	–
$ Amount	–	–	–	–	–
LAND SALES					
No.	6	7	4	–	2
$ Amount	158,769	459,361	97,214	–	102,100
LAND PURCHASES					
No.	–	–	–	–	–
$ Amount	–	–	–	–	–
TOTAL					
No.	49	69	78	114	159
$ Amount	3,006,828	3,704,242	4,863,893	3,627,872	4,468,429

Table VI

Summary of Programs
Central Region
For the Five Years Ended March 31

	1979-80	1980-81	1981-82	1982-83	1983-84
DIRECT LOANS					
No.	71	85	85	39	93
$ Amount	4,431,920	5,993,099	6,069,932	1,804,924	6,411,473
CORPORATE LOANS					
No.	2	–	1	1	–
$ Amount	190,500	–	450,138	530,030	38,930
CROWN LAND LOANS					
No.	–	1	1	–	–
$ Amount	–	11,848	6,120	–	–
STOCKER LOANS					
No.	4	4	–	13	12
$ Amount	344,606	76,100	11,500	286,343	330,303
MAN. BEEF STABILIZATION LOANS					
No.	–	–	–	19	44
$ Amount	–	–	–	324,200	686,700
MAN. INTEREST RATE RELIEF LOANS					
No.	–	–	–	92	216
$ Amount	–	–	–	510,125	1,256,141
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	–	9	–	–	–
$ Amount	–	13,115	–	–	–
GUARANTEED LOANS					
– Farm Production					
No.	1	2	12	17	–
$ Amount	25,000	55,000	620,000	796,000	–
– S.C.G.L.					
No.	–	4	2	–	–
$ Amount	–	289,500	155,000	–	–
– Guaranteed Operating					
Initial Approvals					
No.	–	–	–	–	135
$ Amount	–	–	–	–	8,870,000
Repeat Approvals					
No.	–	–	–	–	15
$ Amount	–	–	–	–	1,323,000
LAND SALES					
No.	24	9	2	2	1
$ Amount	1,110,620	689,613	167,662	116,470	40,000
LAND PURCHASES					
No.	–	–	–	–	–
$ Amount	–	–	–	–	–
TOTAL					
No.	102	114	103	183	516
$ Amount	6,102,646	7,128,275	7,480,352	4,368,092	18,956,547

Table VII

Summary of Programs
South Western Region
For the Five Years Ended March 31

	1979-80	1980-81	1981-82	1982-83	1983-84
DIRECT LOANS					
No.	166	174	237	117	204
$ Amount	10,751,101	10,148,413	14,890,989	6,983,215	15,064,880
CORPORATE LOANS					
No.	1	1	—	—	1
$ Amount	25,250	50,400	—	—	63,000
CROWN LAND LOANS					
No.	—	—	1	—	1
$ Amount	—	—	25,470	—	21,070
STOCKER LOANS					
No.	23	16	(1)	29	30
$ Amount	494,119	326,550	(20,600)	553,705	777,622
MAN. BEEF STABILIZATION LOANS					
No.	—	—	—	25	59
$ Amount	—	—	—	387,000	937,600
MAN. INTEREST RATE RELIEF LOANS					
No.	—	—	—	148	148
$ Amount	—	—	—	835,044	857,664
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	—	17	1	—	—
$ Amount	—	23,315	1,221	—	—
GUARANTEED LOANS					
— Farm Production					
No.	4	42	73	92	5
$ Amount	168,000	1,337,950	2,623,000	3,066,500	112,000
— S.C.G.L.					
No.	2	9	1	1	—
$ Amount	263,261	587,400	55,400	60,000	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	—	—	176
$ Amount	—	—	—	—	9,241,000
Repeat Approvals					
No.	—	—	—	—	25
$ Amount	—	—	—	—	1,540,000
LAND SALES					
No.	49	26	11	3	5
$ Amount	2,549,121	1,971,113	854,351	96,072	533,017
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
TOTAL					
No.	245	185	323	415	654
$ Amount	14,250,852	14,445,141	18,429,831	11,981,536	29,147,853

Table VIII

Summary of Programs
North Western Region
For the Five Years Ended March 31

	1979-80	1980-81	1981-82	1982-83	1983-84
DIRECT LOANS					
No.	90	69	117	53	87
$ Amount	4,515,258	3,823,398	6,280,800	2,366,619	4,780,931
CORPORATE LOANS					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
CROWN LAND LOANS					
No.	—	5	18	(1)	14
$ Amount	—	61,802	189,483	(9,540)	138,187
STOCKER LOANS					
No.	10	5	14	8	6
$ Amount	232,250	145,315	260,402	288,651	143,900
MAN. BEEF STABILIZATION LOANS					
No.	—	—	—	27	69
$ Amount	—	—	—	458,900	1,023,000
MAN. INTEREST RATE RELIEF LOANS					
No.	—	—	—	124	172
$ Amount	—	—	—	648,176	972,078
BEEF PRODUCERS INCOME ASSURANCE LOANS					
No.	—	32	(1)	—	—
$ Amount	—	42,014	(1,657)	—	—
GUARANTEED LOANS					
— Farm Production					
No.	1	12	10	9	—
$ Amount	30,000	363,850	276,500	271,000	—
— S.C.G.L.					
No.	—	10	—	—	—
$ Amount	—	625,500	(2,000)	—	—
— Guaranteed Operating					
Initial Approvals					
No.	—	—	—	—	75
$ Amount	—	—	—	—	3,420,500
Repeat Approvals					
No.	—	—	—	—	9
$ Amount	—	—	—	—	540,000
LAND SALES					
No.	48	33	19	3	3
$ Amount	1,864,182	1,187,351	760,147	73,721	183,700
LAND PURCHASES					
No.	—	—	—	—	—
$ Amount	—	—	—	—	—
TOTAL					
No.	149	166	177	223	435
$ Amount	6,641,690	6,249,230	7,763,675	4,097,527	11,202,296

MANITOBA

PROVINCE OF MANITOBA
PROVINCIAL AUDITOR

The Manitoba Agricultural Credit Corporation

Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A to E and Schedule 1, of The Manitoba Agricultural Credit Corporation for the fiscal year ended March 31, 1984. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the financial statements present fairly the financial position of The Manitoba Agricultural Credit Corporation as at March 31, 1984 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

W. K. Ziprick, C.A.,
Provincial Auditor.

June 15, 1984,
Winnipeg, Manitoba.

Exhibit A

The Manitoba Agricultural Credit Corporation

Balance Sheet

as at March 31, 1984 (with 1983 figures for comparison)

Assets

The Agricultural Credit Corporation Act

	1984	1983
Cash:		
On hand and in bank	$ 26,418	$ 26,014
On deposit with the Minister of Finance	1,981,555	2,519,100
	2,007,973	2,545,114
Accounts receivable:		
Rent	313,749	354,704
Sale of real estate	340,573	80,507
Conditional incentive grants and accrued interest	65,997	122,100
Other	5,990	7,040
	726,309	564,351
Stocker program advances receivable (Note 3)	920,861	775,000
Mortgages, chattels and agreements for sale receivable (Note 4)	181,253,147	160,854,618
Promissory notes receivable (Note 5)	2,202,373	3,022,901
Security agreements receivable (Note 6)	3,287,662	1,094,009
Real estate (Note 7)	6,979,639	6,921,470
Unamortized debt discount and expense	74,808	81,175
	197,452,772	175,858,638

Part III of The Fisheries Act

Cash on deposit with the Minister of Finance	43,170	35,696
Prepaid expenses	817	701
Loans receivable, less allowance for doubtful accounts of $240,102 (1983 - $180,027)	3,280,802	2,698,996
Chattels acquired by voluntary quit claim, at foreclosed value less recoveries	3,500	–
	3,328,289	2,735,393
	$200,781,061	$178,594,031

Liabilities

The Agricultural Credit Corporation Act

	1984	1983
Accounts payable:		
The Province of Manitoba	$ 611,501	$ 655,972
Other	1,612,366	1,404,105
	2,223,867	2,060,077
Trust accounts:		
Rent paid in advance	9,724	48,693
Funds held pending disposition	–	31,356
	9,724	80,049
Advances from the Province of Manitoba (Note 8 a))	192,316,792	170,514,807
Reserve for Working Capital:		
Balance at beginning of year	3,203,705	3,432,211
Less: Excess of expenditure over revenue, Exhibit B	301,316	228,506
Balance at end of year	2,902,389	3,203,705
	197,452,772	175,858,638

Part III of The Fisheries Act

Accounts payable	–	7,104
Advances from the Province of Manitoba (Note 8 b))	3,300,000	2,700,000
Reserve for Working Capital:		
Balance at beginning of year and end of year	28,289	28,289
	3,328,289	2,735,393
	$200,781,061	$178,594,031

APPROVED ON BEHALF OF THE BOARD

Director

Director

The accompanying notes are an integral part of these financial statements.

Exhibit B

The Manitoba Agricultural Credit Corporation

The Agricultural Credit Corporation Act

Statement of Revenue and Expenditure

for the year ended March 31, 1984 (with 1983 figures for comparison)

	1984	1983
Revenue:		
Interest		
Mortgages, chattels and agreements for sale	$16,358,620	$15,814,948
Interest rate reduction program (Note 12)	1,604,340	—
Promissory notes	394,871	426,144
Stocker program	129,666	124,559
Security agreements	204,523	14,352
Cash on deposit with the Minister of Finance	6,038	3,738
Term deposit with the Minister of Finance	196,893	440,628
Real estate (Note 9)	1,204,980	834,994
Other	100,185	14,726
	20,200,116	17,674,089
Expenditure:		
Administration, Schedule 1	4,046,758	2,775,488
Financing charges, net:		
Interest on advances from the Province of Manitoba, amortization of debt discount and service charges	19,844,096	19,281,042
Interest rate reduction program, Province of Manitoba (Note 12)	1,604,340	—
	21,448,436	19,281,042
Less:		
Amount assumed by the Province of Manitoba (Note 2 b))	4,993,762	4,153,935
	16,454,674	15,127,107
	20,501,432	17,902,595
Excess of expenditure over revenue	$ 301,316	$ 228,506

The accompanying notes are an integral part of these financial statements.

Exhibit C

The Manitoba Agricultural Credit Corporation

Part III of The Fisheries Act

Statement of Revenue and Expenditure

for the year ended March 31, 1984 (with 1983 figures for comparison)

	1984	1983
Revenue:		
Interest:		
Loans	$ 385,696	$ 348,407
Term deposit with the Minister of Finance	—	10,441
Grant from the Province of Manitoba re administration costs (Note 2 b))	345,463	320,056
	731,159	678,904
Expenditure:		
Administration costs:		
Salaries	233,332	209,277
Audit fees	6,620	6,120
Bad debts	103,405	100,903
Collection expenses	651	1,247
Corporation capital tax	170	170
Data processing	6,322	4,695
Employee benefits	11,532	10,041
Furniture and fixtures	106	1,477
Health and post secondary education tax levy	3,063	2,012
Miscellaneous	200	26
Postage	1,590	1,645
Rental of office premises	4,354	4,315
Stationery, supplies and equipment rentals	5,555	3,990
Telephone	7,754	7,214
Travelling	18,217	16,381
Workers compensation	971	822
	403,842	370,335
Financing charges, net:		
Interest on advances from the Province of Manitoba	327,317	308,569
	731,159	678,904
Excess of revenue over expenditure	$ —	$ —

The accompanying notes are an integral part of these financial statements.

Exhibit D

The Manitoba Agricultural Credit Corporation

The Agricultural Credit Corporation Act

Statement of Receipts and Disbursements

for the year ended March 31, 1984 (with 1983 figures for comparison)

Receipts:	1984	1983
Advances from the Province of Manitoba	$32,250,000	$19,450,000
Collections on account of mortgages, chattels and agreements for sale:		
Principal	11,498,976	8,683,357
Interest	15,092,574	15,218,116
Interest rate reduction program	1,604,340	–
Other charges	642,999	664,982
	28,838,889	24,566,455
Collections on accounts of promissory notes:		
Principal	423,598	641,371
Interest	408,297	413,544
	831,895	1,054,915
Collections on account of stocker program advances receivable:		
Principal	991,119	858,817
Interest	125,343	158,670
	1,116,462	1,017,487
Collections on account of security agreements receivable:		
Principal	3,504,870	33,827
Interest	97,502	79
	3,602,372	33,906
Interest:		
On cash on deposit with the Minister of Finance	6,038	3,738
On term deposit with the Minister of Finance	196,893	440,628
	202,931	444,366
Proceeds from term deposit	13,000,000	14,500,000
Proceeds from sale of real estate	108,259	154,918
Collections on account of land leasing	763,261	799,580
Collections on account of livestock incentive grants	7,013	14,085
Administration costs – Manitoba Interest Rate Relief Program	22,898	15,709
Miscellaneous	523,805	81,104
Trust account:		
Insurance claim proceeds	27,000	18,903
Real estate sales	18,219	68,871
	45,219	87,774
Total cash receipts	81,313,004	62,220,299
Cash on hand, in bank and on deposit with the Minister of Finance at beginning of year	2,545,114	1,249,390
	$83,858,118	$63,469,689

Disbursements:	1984	1983
Mortgages and agreements for sale	$29,574,301	$16,244,850
Promissory notes	15,874	26,587
Stocker program	1,208,506	885,384
Land and building, purchases	157,332	40,115
Security agreements	5,591,501	1,113,543
Sundry charges on account of mortgages	591,247	662,157
Taxes charged on land leasing	145,372	182,136
Young farmer rebates	2,102,682	1,801,158
Financing charges paid to the Province of Manitoba:		
Interest on advances and service charges, net	14,555,062	15,117,205
Interest rate reduction program	1,604,340	–
Payment of profit on real estate sales to the Province of Manitoba	298,475	–
Repayment of capital advances to the Province of Manitoba	10,448,016	8,255,849
Repayment of defaulted livestock incentive grants to the Province of Manitoba	–	37,530
Purchase of term deposits	13,000,000	14,500,000
Administration costs	2,409,515	1,972,761
Miscellaneous	71,347	10,370
Trust account:		
Province of Manitoba incentive grants	–	100
Other	76,575	74,830
	76,575	74,930
Total cash disbursements	81,850,145	60,924,575
Cash on hand, in bank and on deposit with the Minister of Finance at end of year	2,007,973	2,545,114
	$83,858,118	$63,469,689

The accompanying notes are an integral part of these financial statements.

Exhibit E

The Manitoba Agricultural Credit Corporation

Part III of The Fisheries Act

Statement of Receipts and Disbursements

for the year ended March 31, 1984 (with 1983 figures for comparison)

	1984	1983
Receipts:		
Province of Manitoba:		
Advances	$ 600,000	$ 700,000
Grant re administration costs	345,463	320,056
	945,463	1,020,056
Collections on account of loans:		
Principal	1,864,261	2,203,796
Interest	357,189	313,217
	2,221,450	2,517,013
Interest on term deposit with the Minister of Finance	—	15,865
Proceeds from term deposit	—	300,000
Total cash receipts	3,166,913	3,852,934
Cash on deposit with the Minister of Finance at beginning of year	35,696	164,992
	$3,202,609	$4,017,926
Disbursements:		
Loans	$2,524,798	$3,107,546
Administration costs	307,324	266,115
Interest on advances from the Province of Manitoba	327,317	308,569
Repayment of advances from the Province of Manitoba	—	300,000
Total cash disbursements	3,159,439	3,982,230
Cash on deposit with the Minister of Finance at end of year	43,170	35,696
	$3,202,609	$4,017,926

The accompanying notes are an integral part of these financial statements.

Schedule 1

The Manitoba Agricultural Credit Corporation

The Agricultural Credit Corporation Act

Schedule of Administration Expenditure

for the year ended March 31, 1984 (with 1983 figures for comparison)

	1984	1983
Salaries	$1,422,977	$1,294,247
Advertising	22,365	9,109
Audit fees	26,480	24,480
Bad debts – promissory notes	399,327	130,042
– mortgages, chattels and agreements for sale	1,130,785	468,385
– stocker program	75,849	35,842
– land lease program	87,873	172,214
Collection expenses	4,765	15,830
Corporation capital tax	17,856	20,593
Data processing	43,526	35,236
Directors' fees and expenses	28,216	32,428
Ear tags	3,200	5,713
Employee benefits	88,693	66,302
Guaranteed loan losses	266,590	106,248
Insurance	3,794	558
Health and post secondary education tax levy	22,406	14,837
Messenger service	5,435	4,345
Miscellaneous	1,397	986
Office furniture and equipment	24,605	30,095
Office rental, cleaning, light and power	75,211	75,634
Postage	23,387	21,860
Professional fees	40,027	6,046
Property taxes	51,216	29,768
Real estate maintenance	11,183	7,382
Relocation expenses	3,641	11,044
Stationery, office supplies and equipment rental	53,132	43,212
Telephone	31,147	27,544
Travelling	74,613	79,725
Workers compensation	7,062	5,783
Total administration expenditure, Exhibit B	$4,046,758	$2,775,488

The accompanying notes are an integral part of these financial statements.

The Manitoba Agricultural Credit Corporation

Notes to the Financial Statements

for the year ended March 31, 1984

1. The Manitoba Agricultural Credit Corporation is incorporated under a specific statute of the Province of Manitoba, being Chapter A-10 of the Revised Statutes of Manitoba, 1970.

2. Significant accounting policies of the Corporation are as follows:

   a) The Corporation carries out the following programs:

      i) It provides and administers financial assistance to farmers to assist in the development of farms under its Act;

      ii) It provides and administers loans to commercial fishermen under the Manitoba Fisheries Act;

      and the Corporation accounts for each of these programs separately.

   b) In accordance with the Acts under which it operates, the amounts by which the expenditures of the programs it administers exceed the related revenues may be recovered from the Province from its appropriations.

   c) The Corporation operates on an accrual basis of accounting except for the following:

      i) Equipment and office furniture are charged to operations in the year of acquisition.

      ii) Revenue from real estate is not offset by depreciation on farm buildings and equipment acquired together with land purchased for the land leasing operations.

      iii) In accordance with the provision of the Manitoba Civil Service Superannuation Act, the Corporation contributes 50% of the pension disbursements made to retired employees. Such payments are charged to operations as incurred and provision is not made in the accounts to fund current or past service obligations to the Superannuation Fund. On the basis of an actuarial report, the unfunded provision for the Corporation's employees amounted to $1,080,045 at December 31, 1983 (1982 - $931,809).

3. Stocker program advances receivable consisted of the following at March 31:

	1984	1983
Renewable interest bearing advances, 18 month term	$1,010,214	$ 863,108
Interest free advances, 12 month term discontinued in 1975-76	24,843	45,139
Interest bearing advances under programs discontinued in 1974-75	71,362	78,399
Accrued interest	1,991	1,668
	1,108,410	988,314
Less: Allowance for doubtful accounts	187,549	213,314
	$ 920,861	$ 775,000

The Manitoba Agricultural Credit Corporation

Notes to the Financial Statements

for the year ended March 31, 1984

4. A summary of mortgages, chattels and agreements receivable by years in which the instalments become due is as follows:

Receivable In	1984	1983
1 year	$ 15,447,484	$ 14,218,961
2 years	4,355,539	3,272,823
3 years	4,638,517	3,338,874
4 years	4,951,978	3,629,572
5 years	4,830,976	3,819,391
6 - 10 years	26,403,583	19,364,108
Over 10 years	122,075,128	113,626,619
	182,703,205	161,270,348
Less: Allowance for doubtful accounts	1,450,058	415,730
	$181,253,147	$160,854,618

At March 31, 1984, accrued interest of $10,075,369 (1983 - $9,396,377) and arrears of $5,601,508 (1983 - $3,938,804) are shown as maturing in one year. Prepayments of principal from borrowers of $4,394,761 (1983 - $3,644,755) have reduced the principal which would have normally become due in one year.

5. Promissory notes receivable are comprised mainly of loans made under the Farm Diversification Plan Program of the Province of Manitoba. Since 1976, those loans, which have been made for the purchase of livestock and equipment, have been secured by means of lien notes on the said livestock and equipment. Other loans under this program are unsecured. This program was terminated in December 1978. A summary of promissory notes receivable by years in which the instalments become due is as follows:

Receivable In	1984	1983
1 year	$1,511,126	$1,537,128
2 years	368,643	528,643
3 years	306,351	398,552
4 years	210,627	327,464
5 years	150,320	223,764
6 - 10 years	480,373	575,446
Over 10 years	59,251	137,940
	3,086,691	3,728,937
Less: Allowance for doubtful accounts	884,318	706,036
	$2,202,373	$3,022,901

At March 31, 1984, accrued interest of $208,030 (1983 - $222,817) and arrears of $942,784 (1983 $881,329) are shown as maturing in one year. Prepayments of principal from borrowers of $133,921 (1983 - $98,956) have reduced the principal which would have normally become due in one year.

6. Security agreements receivable consist of advances totalling $3,287,662 made to farmers who are registered with the Manitoba Beef Commission. These advances are mainly repayable to the Corporation within fourteen months of disbursement.

At March 31, 1984, accrued interest of $111,283 (1983 - $14,272) and arrears of $280,469 (1983 - $2,842) are included in the total security agreements receivable.

The Manitoba Agricultural Credit Corporation

Notes to the Financial Statements

for the year ended March 31, 1984

7. Real estate consists of purchases for the land lease program, at cost, and foreclosures, at the lower of the foreclosed amounts or appraised values.

8. The advances from the Province of Manitoba consisted of the following at March 31:

a) The Agricultural Credit Corporation Act:

	1984	1983
Advances repayable in instalments	$173,466,792	$151,664,807
Advances repayable at maturity	18,850,000	18,850,000
	$192,316,792	$170,514,807

Advances repayable in instalments:

These advances are repayable in equal annual blended principal and interest instalments by series. The final instalment for the longest series is due on March 31, 2014. The interest rates are as follows: 7.5% - $45,399,270; 9.25% - $659,872; 10.4% - $372,728; 10.55% - $4,444,521; 10.875% - $15,000; 11.25% - $473,887; 11.375% - $3,848,852; 11.5% - $75,000; 11.625% - $10,000; 11.75% - $40,000; 11.875% - $2,057,693; 12.0% - $28,740,631; 12.25% - $55,000; 12.375% - $2,783,023; 12.5% - $430,000; 12.625% - $4,599,000; 12.75% - $1,120,116; 12.875% - $6,187,245; 13.0% - $28,188,122; 13.125% - $19,216,500; 13.375% - $4,252,500; 13.5% - $40,000; 13.625% - $13,508,838; 14.5% - $4,757,873; 15.0% - $456,359; 15.75% - $69,708; 16.25% - $28,610; 16.375% - $1,238,903; 16.4% - $297,157; 16.5% - $95,423; 16.875% - $4,961.

Advances repayable at maturity:

These advances are $10,000,000 - $9.625% due May 1, 1989 and $8,850,000 - 12.74% due March 3, 2000.

b) Part III of The Fisheries Act:

	1984	1983
Advances repayable on demand, interest payable at prime rates	$3,300,000	$2,700,000

9. During the year ended March 31, 1984, the Corporation sold 18 of its properties. The results were as follows:

	Number of Sales	Sales Proceeds	Cost	Gain
Sales to Lessees:				
Outside Financing	7	$ 471,100	$261,441	$209,659
Corporation Financing	5	276,617	223,405	53,212
Sales by Public Tender:				
Outside Financing	5	172,414	94,032	78,382
Corporation Financing	1	121,000	69,380	51,620
	18	$1,041,131	$648,258	$392,873

The gains of $209,659 and $53,212 on sales to lessees resulted from adjustments on the exercise of purchase options by lessees of the previously charged lease rates to the lending rates in effect at the date of the lease.

In addition, $97,203 was realized as gains on the subsequent re-sale of lands previously sold to lessees. The total gain of $490,076 (1983 - $66,333) has been included in real estate revenue of $1,204,980 (1983 - $834,994).

The Manitoba Agricultural Credit Corporation

Notes to the Financial Statements
for the year ended March 31, 1984

10. Funds approved but not disbursed as at March 31 amounted to:

	1984	1983
a) The Agricultural Credit Corporation Act:		
Direct loans	$ 8,897,500	$6,237,900
Corporate loans	339,300	387,400
Stocker program	584,700	430,900
Land lease program	3,800	900
Crown land loans	94,900	—
Security agreements	217,200	503,000
	$10,137,400	$7,560,100

The Corporate loans amount includes $277,050 which represents performance bond guarantees to agricultural marketing agencies.

b) Part III of The Fisheries Act:		
Direct loans	$249,700	$271,900

11. At March 31, 1984, the Corporation was contingently liable as guarantor of loans made under The Agricultural Credit Corporation Act by lending institutions as follows:

a) The Corporation is liable under its guarantee for losses sustained by the lending agencies on loans to individual farmers but the amount of liability to any one agency cannot exceed 10% of the total guaranteed loans made by the agency during a guarantee period. At March 31, the Corporation's contingent liability on the basis of 10% of loans made by agencies during various guarantee periods was:

	1984	1983
For the thirty-nine month guarantee period ended March 31, 1981	$ 87,931	$ 89,958
For the current three year period ended March 31, 1984	385,151	615,124
	$473,082	$705,082

b) The Corporation also fully guarantees loans to individuals for the purpose of farming. At March 31, 1984, these guaranteed loans amounted to $1,408,929 (1983 - $1,717,302).

c) Effective April 1, 1983, a new Guaranteed Operating Loan program was introduced. Under this program the Corporation guarantees 12½% of the aggregate total guaranteed loans made by each participating lending institution. As of March 31, 1984 the Corporation's contingent liability amounted to $3,107,213.

12. During the year the Province of Manitoba reduced certain of the higher interest rates on its advances. The Corporation therefore instituted a program of allowing borrowers to reduce their higher interest loans, effective from their last payment date. Funds received by the Corporation from its borrowers under this interest reduction program amounting to $1,604,340 were paid to the Province of Manitoba to reduce the Corporation's future interest charges.